

Levi Woodbury to Andrew Jackson, June 28, 1837, from Correspondence of Andrew Jackson. Edited by John Spencer Bassett.

SECRETARY WOODBURY TO JACKSON.

Confidential.

Washington, June 28, 1837.

Dear Sir, In reply to your suggestions concerning suits against the Banks I will be happy to state briefly the general policy of the course, which has thus far been pursued and which I hope will under all the circumstances be considered the most expedient.

When most of the Banks suspended Specie payments in May last, all the selected ones had in their possession about twenty five or twenty six millions of public money. The first object was to look to its security, the next to its payment fast as it was wanted to meet our regular calls, and lastly that the residue be placed with new depositories soon as we could get suitable ones and could procure the money to be paid over.

In four or five cases, which were deemed a little doubtful as to security, I, therefore, at once instituted enquiries and took steps by suit ordered and otherwise to render our demands safe. In the next place I continued to issue drafts on the others to meet our current expenditures and particularly to place the July instalment of deposits with the States. If these were met, it would in 60 days reduce our deposits with the Banks ten or twelve millions, which is very desirable; and which could not be accomplished, if suits were at once instituted and all ordinary drafts on the Banks stopped. In case the latter course was pursued, we should have no banks on which to make drafts for current payments and most of our operations would in all quarters be suspended till Congress meets, as very

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little money is paid into the hands of the Collectors and Receivers. Another difficulty would be, that the Banks on our demand and suit could not pay the whole at once in specie, and if they did, we now have no suitable depositories for receiving it.

But now where the Banks pay, as they do generally, in such way as to satisfy the holders, sometimes in specie and sometimes in bills, we get along till Congress meet and weekly diminish the amount of public money in their possession and weekly discharge most of our current obligations. We have got since the 15th of May from them near three millions of dollars. Under this system, however, if any bank is found to make no exertions to discharge its duties or is apparently increasing its discounts and issues or diminishing its specie so as to be less able to meet our claims and to resume specie payments I take steps at once to have a demand made, and sureties notified and suits instituted. This has already been done in some cases and doubtless will be in others.

There are difficulties in any course; but it is supposed that this is the most judicious one, consistent with law and with the possibility of continuing our fiscal payments, till Congress meets, in any degree satisfactory to our creditors, unless we abandon altogether, what is not intended to be done, the receipt of nothing but specie or its equivalent and the payment of nothing else where the party holding the claim is willing to take nothing else. We are doing all in our power to encourage early the resumption of specie payments; but have to be careful not to incur justly the reproach of taking steps calculated to delay or prevent so desirable an event, until we can get the advice or direction of Congress upon so new and embarrassing a subject. . . .